



LIMPOPO  
PROVINCIAL GOVERNMENT  
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF  
CO-OPERATIVE GOVERNANCE,  
HUMAN SETTLEMENTS AND TRADITIONAL AFFAIRS

# NATIONAL COUNCIL OF PROVINCES REPORT

By

BROUGHT TO YOU BY MULTI-AWARD WINNING DEPARTMENT



Integrated Sustainable Human Settlements

# STRUCTURE OF THE REPORT

## 1. Purpose

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### Report Per Municipality

- i. Basic Service Delivery
- ii. Municipal Institutional Development and Transformation
- iii. Local Economic Development
- iv. Municipal Financial Viability and Management
- v. Good Governance and Public Participation
- vi. Challenges and interventions

# Purpose

The purpose of the report is to present to the National Council of Provinces status quo reports of Mogalakwena, Modimolle Mookgophong and Thabazimbi

# MOGALAKWENA LOCAL MUNICIPALITY

# Introduction/Background

- Mogalakwena Local Municipality was placed under administration in terms of Section 139 of the Constitution of South Africa, 1996, from 04 December 2020. The Provincial Executive Council on the 04 December 2020 resolved the following:
- The Intervention Team consisting of the Intervention Head, 2 financial experts, the IT specialist and the Legal expert was constituted and assigned to Mogalakwena Local Municipality.
- The team assumed its responsibilities on the 17 January 2020 guided by the Terms of Reference

# Basic Service Delivery



# Basic Service Delivery

## 2016/2017 – 2019/2020 MIG implementation

Municipality was allocated R 608,283 million over four financial years.

- R 455,454 million was spent within the financial year with R 132,944 million unspent.
- Further more, an total amount of R 20,256 million was stopped and re-allocated to other municipalities due to poor spending in the by the municipality during the 2018/2019 financial year. The municipality is part of the MISA support programme.
- The table below provides a summary of the MIG performance:

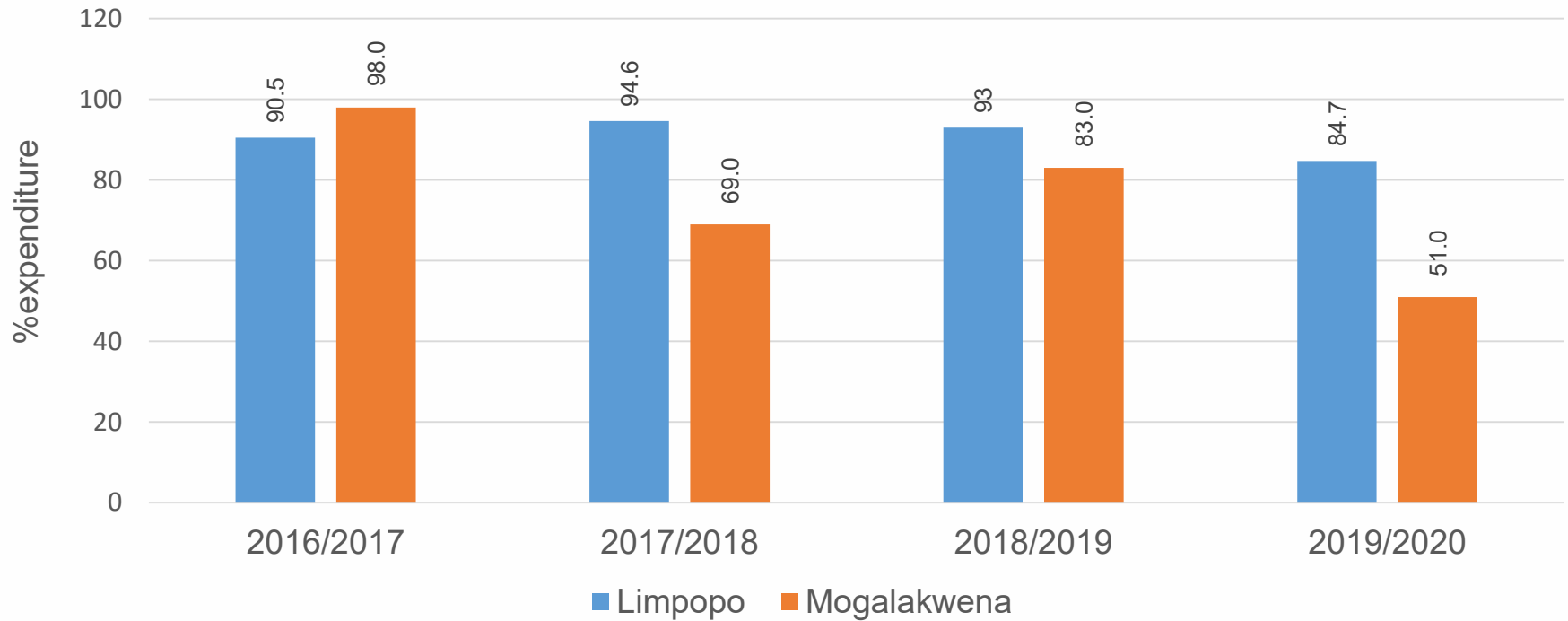
Financial Year	Allocation R'000	Stopping/ Reallocation	Expenditure R'000	% expenditure	unspent amount R'000
2016/2017	139 486	0	136 666	98	2 820
2017/2018	159 266	0	111 049	69	48 217
2018/2019	153 114	(20 256)	127 710	83	5 148
2019/2020	156 417	0	79 658	51	76 759
<b>TOTAL</b>	<b>608 283</b>	<b>(20 256)</b>	<b>455 454</b>	<b>75</b>	<b>132 944</b>

# Basic Service Delivery

- The intervention team continued to review payment requests on an ongoing basis to ensure compliance and that payments are made for the services rendered.
- MISA is also assisting the intervention team to verify physical progress of all the capital projects to strengthen the internal control mechanism within the municipality.
- The intervention team is on need basis unblocking the projects which experienced implementation stoppages due to various reasons. The team assisted the municipality in resolving the project stoppage for Road and Storm water in Mahwelereng relating to sourcing of local sub-contractor as well as the Bulk water supply project in GA-Seema village which experienced stoppage as a result of non-payment of sub-contractors by the main contractor.
- The team also ensure that project scope revisions are done in compliance to applicable Treasury regulations. To date all the reports on project scope variations were reviewed and approved by the Municipal Manager who then submitted them to the Head of Intervention for concurrence.



## Mogalakwena LM v/s Limpopo – 4 YEAR expenditure comparison

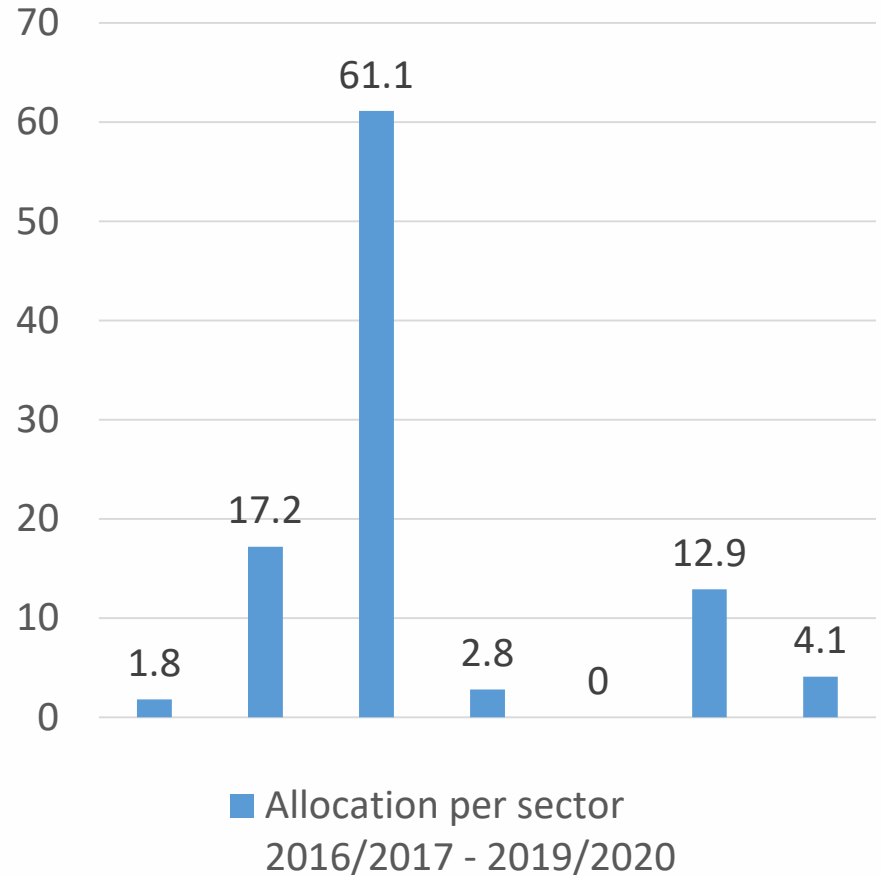


# MOGALAKWENA 2016/2017 – 2019/2020 MIG implementation

Over the past 4 financial years the municipality has in the main prioritized Water, Roads and Sport facilities in the allocation of resources.

- 17.2 % of the allocation has been spent on Roads and Storm water
- 12.9 % on Sport facilities
- 61.1 % on Water projects
- 2.8 % on Sanitation
- 4.1 % on PMU fees
- 1.8 % on Community lighting

A critical sector such as Solid Waste (refuse removal) has received no allocation.



## 2020/2021 PROJECTS EXPENDITURE AND STATUS

PROJECT NAME	ALLOCATION	BUDGETED FOR 2020/21FY	EXPENDITURE	STATUS
Mini Water Scheme 22 (Phase 3): Moordkoppie Mini Water Scheme; Witrivier, Ditlotswane, Rooival, Malokong and Mellinium Park.	R129,767,077.29	R16,479,079.25	R0.00	design
JAKKALSKUIL (Mini WATER Scheme: Lesodi; Mamatlakala; Skilpadkraal, Basterspad, Makekeng, Rantlakane, Wydhoek, Galakwenastroom, Lusaka, Harmansdal, Mabula, Mabuladihlare, Dikgokgopeng, Lyden, Kaditshwene, Kabeane, Jakkalskuil )	R78,543,515.84	R21,257,690.71	-	design
Mini Water Scheme 23: Fothane/Mamaala/Parakisi	R26,573,076.00	R1,923,427.23	-	design
Mini Water Scheme 13: Buffelhoek; Diphichi; Grasvlei; Kgopeng; Mphelelo; Ramosesane; Tiberius; Galelia; Vergenoeg (Diphichi Cluster) Multi Year	R24,718,572.11	R6,686,566.54	-	Construction ( 95%)
Mahwelereng Roads & Storm water completion of section A Zone 1	R51,346,367.81	R11,135,667.00	1,058,507.70	Construction ( 25%)
Molekane roads and stormwater	R21,500,000.00	R4,000,000.00	-	design

## 2020/2021 PROJECTS EXPENDITURE AND STATUS

PROJECT NAME	ALLOCATION	BUDGETED FOR 2020/21FY	EXPENDITURE	STATUS	
Mabusela - Masogea roads and storm water	R 21,500,000.00	R4,000,000.00		- design	
Mesopotamia High Mast lights	R 1,800,000.00	R1,800,000.00		- design	
Rebone Sports Stadium	R16,998,948.12	R0.00		- Construction (89%)	
Sekuruwe Cluster Mini Scheme 27 (Multi Year)		R11,868,882.00		- Construction (90%)	
Mmahlogo Roads and Storm water	R21,577,315.25	R4,564,693.33		- Construction (70%)	
Mapela Sports Stadium	R32,417,649.08	R2,130,411.94		- Construction (89%)	

## 2020/2021 PROJECTS EXPENDITURE AND STATUS

PROJECT NAME	ALLOCATION	BUDGETED FOR 2020/21FY	EXPENDITURE	STATUS	
Seema/Mapila :Mini Water Scheme Cluster 25	R71,396,961.00	<b>R15,194,514.84</b>	-	design	
Malepetleke High Mast Lights	R 3,950,000.00	<b>R3,950,000.00</b>	-	design	
Weenen Planknek (Covid-19)	<b>R 5,572,077.19</b>	<b>R5,572,077.19</b>	-	Construction(88%)	
MOKOPANE WWTW (Covid-19)	R 2,000,000.00	<b>R2,000,000.00</b>	-	Construction (100%)	
Mabuela Roads and Stormwater	R17,154,619.71	<b>R1,085,073.32</b>	-	Construction 82%)	
Motse Pebbles Small Mining	R7,000,000.00	<b>R1,000,000.00</b>	-	Design	
Mokopane Unit D (Covid-19)	R 400,000.00	<b>R400,000.00</b>		Construction(100%)	

## 2020/2021 PROJECTS EXPENDITURE AND STATUS

PROJECT NAME	ALLOCATION	BUDGETED FOR 2020/21FY	EXPENDITURE	STATUS	
Various villages (Covid-19)	R 12,980,300.76	R3,000,000.00	-	construction (100%)	
Moshate/Maruteng/Masehlaneng Water Supply and Refurbishment COVID-19	R 5,450,000.00	R12,980,700.76	-	construction (65%)	
Ga Madiba-Kgaba (Covid 19)	R 6,870,000.00	R5,450,000.00	1,666,048.64	construction (90%)	
Mzombane 7 Miles	R 7,345,908.35	R6,870,000.00	1,216,429.00	construction (65%)	
Sekgagakapeng/Parkmore Water Project	R 2,000,000.00	R7,345,908.35	1,776,011.00	construction (75%)	
Mokopane Pressuer Reducing Valves and Bulk Metres (Covid-19)	R 40,847,739.49	R2,000,000.00	1,573,257.50	construction (100%)	

## Challenges / Intervention / current support

### Challenges

- Communities disruption of projects
- Contracts have lapsed but projects are not completed.
- Inability to finish complete projects timeously leading to escalation in costs.
- Conflicting reporting on MIGMIS and hard copies

### Support being provided (MISA, GTAC, COGHSTA)

#### MISA and Coghsta support

- Mogalakwena LM support on MIG.
- Monthly district and provincial MIG PMU managers meetings to discuss projects progress.
- Acting Technical Manager seconded from Waterberg DM.
- MISA Engineer deployed to assist on technical issues.
- Quarterly intervention meetings with management of the municipality.
- Projects site visits and site meetings attendance for progress and expenditure verification.
- Projects registrations and monthly expenditure reporting.

# Municipal Institutional Development and Transformation




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# Vacancies of Senior Managers at end September 2020

Designation	2018/19	2019/20	2020 end September
Municipal Manager	Filled	Filled	Filled
Chief Financial Officer	Filled	Filled	Vacant
Technical Service Manager	Filled	Vacant	Vacant
Corporate Service Manager	Filled	Filled	Filled (suspension)
Community Service Manager	Vacant	Vacant	Filled
Development Planning and LED	Filled	Filled	Vacant
Traffic and Emergency	Filled	Filled	Filled
 <b>Total</b>	<b>6/7 Filled</b>	<b>5/7 Filled</b>	<b>4/7 Filled</b>

# Institutional capacity and filling of posts

- The Municipality has filled the position of **Municipal Manager, Director Corporate Services, Director Community Services and Director Traffic and Emergency (4 out of 7)**.
- The Municipal Manager and Director Corporate Services were placed on precautionary suspension on the 07<sup>th</sup> July 2020 during the Special Council Meeting, however upon conclusion of the investigation, the municipal manager was exonerated and reinstated and Corporate Services remains suspended pending disciplinary processes.
- The position of Manager Technical Services and Chief Financial Officer have been shortlisted and interviews will be scheduled upon receipt of the MIE results.
- All Senior Managers have signed employment contracts and performance agreements.

# Labour Relations

## Labour Award

- The process of absorbing the general workers into the municipal establishment as permanent workers was finalized on the 01<sup>st</sup> of April 2020. Workers are now demanding to be paid retrospectively from July 2019 as per court order. The Municipality has no option but to pay these workers to fully comply with the court order.

## Job evaluation

- Job evaluation was due since 2016, and to date this matter has not been concluded. The municipality has 320 jobs which are being evaluated. To date a total of 251 jobs have been presented to the Provincial Audit Committee (PAC) while 109 jobs are due for moderation by the PAC. Approximately 142 jobs are to be enhanced or amended and send back to PAC, and finally 69 jobs are still to be presented to PAC. The delay is mainly caused by the non-cooperation from the managers and senior officials with regard amendments and redevelopment of job descriptions.

# Labuor Relation

## Local Labor Forum (LLF)

- The LLF is functioning and the relation between the employer and the labour unions has improved.

## Placement of employees

- Some municipal officials have been misplaced and therefore impacting on the institutional capacity to deliver services.
- To date the municipality has established the Placement Committee and in order for this Committee to start placing the right employees into right positions, the Placement Policy is required to guide the process and ensure uniformity.
- The Placement policy has been drafted and is due to be presented at the Local Labor Forum before being processed through council committees.

# Compliance on submission of reports

- **Performance agreements**-The municipality has signed and submitted performance agreements for 2020/21 financial.
- **Performance assessments**- the municipality has never conducted performance assessments for senior managers.
- **IDP and SDBIP for 2020/21 financial year**-the municipality has adopted the IDP and approved the process plan.
- **Annual Report**- The municipality has not as yet finalized the process of annual report and oversight report.
- **Back to Basic (B2B)**- the municipality has been complying in terms of submission of B2B quarterly reports. The municipality has not yet finalized the 2020/21 B2B Action Plan.

# Local Economic Development and Spatial Planning



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# Implementation of SPLUMA

- **SPLUMA BY-LAWS**

- The municipality has developed and approved its SPLUMA By-laws and currently being implemented.

- **Municipal Planning Tribunal**

- The municipality has opted to join the District Municipal Planning Tribunal and currently operating. however, the Municipality is in the process of taking council resolution to formalize its participation in the District Municipal Planning Tribunal.

- **Delegation of Authority on Land development Application**

- Authorized official has been appointed to deal with the delegated land development application.



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# Implementation of SPLUMA

- **Spatial Development Framework**

The Municipal Council adopted the Review of the Spatial Development Framework, however this process is still uncompleted. The municipality seems to be struggling with the appointed service provider as a result of financial constraints.

- **Land Use Scheme**

The municipality is currently in the process of developing/reviewing its Land Use Scheme in terms SPLUMA guidelines.



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# INTEGRATED DEVELOPMENT PLAN AND LOCAL ECONOMIC DEVELOPMENT - MOGALAKWENA

- The municipality reviewed and adopted its Integrated Development Plan (IDP) by end of June 2020.
- The Local Economic Development (LED) strategy is due for review and the municipality has no budget for the review of the LED Strategy.

# Municipal Financial Viability and Management



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# 2020/2021 Budget

Limpopo Provincial Treasury conducted an assessment of the 2020/2021 budget and the process revealed that the budget is not funded. The municipality is implementing a financial recovery plan as a turnaround strategy to ensure that the budget for 2021/2022 will be funded.

# Financial Recovery Plan

- The Financial Recovery Plan has been developed with the support of National Treasury, Provincial Treasury and COGHSTA and subsequently approved by the MEC
- It will be tabled in Council for approval and implementation.

## Billing and revenue collection

- The billing and collection rate for August and September 2020 is 60% and 62% respectively. The decline in revenue collection is attributed to the COVID – 19 pandemic.

# Municipal Property Rates Act Compliance

- The general valuation roll of Mogalakwena Local Municipality will expire on the 30th of June 2024.
- The reviewed draft property rates policy together with other budget related policies were adopted by Council on the June 2020.
- The municipality did not promulgate a resolution levying rates in terms of section 14(2) of Municipal Property Rates Act.

# Debtors Management

- In order to expedite the process of payment of debts owed to municipalities by government departments, the Provincial Debt Forum was established and is convened on a quarterly basis.
- It serves as a platform for addressing challenges relating to payment of debts owed to municipalities and district debt verification sessions are held on quarterly basis.
- The total debt owed by government departments to the municipality amounts to R33 374 959.25. The municipal outstanding debt is attributed to unregistered properties and properties build on communal land.
- The table below indicates the debt owed to the municipality by government departments as at 30 September 2020:

# Debtors Management

<b>DEPARTMENTS</b>	<b>TOTAL BALANCE 30 (SEPTEMBER 2020)</b>
Agriculture	R112 409.46
Defence	R178 903.00
Education	R31 629 374.85
Finance	R55 056.94
Health and Welfare	R1 399 215.90
<b>TOTAL</b>	<b>R33 374 959.25</b>

# Audit outcomes for 5 years

- The municipality received an adverse audit opinion in 2017/18 which is the same as the previous financial year's opinion.
- The municipality's audit outcomes are not improving as indicated by the following results: Unqualified (2013/14), Disclaimer (2014/15), Adverse (2015/16), Adverse (2016/17), Adverse (2017/2018) and Adverse (2018/2019).
- The main contributing factor for the adverse is due to underlying records not reconciled to figures on the trial balance when annual financial statements were prepared. Reliance on the service provider for preparation of AFS contributed to the negative audit opinions.



# Submission of 2019/20 AFS

- Provincial Treasury and CoGHSTA held AFS engagements sessions to discuss AFS readiness, AFS process plan and progress on the audit action.
- The Minister of Finance has issued a notice exempting municipalities from complying with certain sections of the Municipal Finance Management Act No. 56 of 2003 amongst others section 126(1) which deals with submission of the annual financial statements by the 31 August 2020.
- In terms of the notice municipalities are expected to submit the annual financial statements on or before the 31 October 2020.
- The current assessment reveals that the municipality might not submit 2019/20 annual financial statement on time (31 October 2020) due to non- submission of supporting documents. There are regular engagements to assist the municipality.



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# Good Governance and Public Participation



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# Improving the functionality of Council and its structure

## Council and Council Committees

- Council and Committees are meeting as scheduled with special meetings being convened to address pressing and urgent matters. The municipality held an ordinary EXCO meeting on the 18<sup>th</sup> August 2020 and again the ordinary EXCO and Council meetings were held on the 25<sup>th</sup> August 2020.
- Special EXCO and Council meetings were held on the 08<sup>th</sup> September 2020 wherein the report of the Public Protector was tabled. Portfolio committees are also holding their meetings and the reports which are submitted to Council without being processed through these committees are referred back to the relevant committees.
- MPAC is functional and the chairperson of MPAC also presented MPAC report relating to the audit findings of the previous financial years for approval by the council meeting of the 25 August 2020.
- The challenge remain lack of MPAC researcher.

# Improving the functionality of Council and its Structures

## Audit Committee and Audit Steering Committee

- Audit Committee is functioning well and hold its meetings as per schedule. However, the human resource capacity of the Internal Audit Division must be strengthened through the appointment of competent and qualified auditors to assist the Internal Audit Manager.
- The Chairperson of the Audit Committee presented to the council meeting of the 08<sup>th</sup> September 2020 the audit committee report, the audit charter, the annual audit programme as well as the strategic risk assessment for 2020/21 financial year.
- The Council also approved the establishment of the Financial Disciplinary Board during the same Council meeting.
- The challenge is poor attendance of management at the ASC meetings is poor.
- The FRP progress and AFS preparation are also tracked in these meetings. To date the addressing of audit findings related to finance is at 0% and the overall progress to date on addressing the 2018/19 audit findings is very slow.

# Improving the functionality of Council and its structure

## Forensic Report

The following forensic reports were tabled in the ordinary council meeting of the 25<sup>th</sup> August 2020.

- Preliminary forensic investigations into the financial and Information Technology systems. *This report was noted and directed the Management to investigate the matter further and report back to council upon finalization.*
- Implementation of forensic report (KPMG) – 2014 – *the Council withdrew the report on the basis that it served before the Council in the past.*
- Forensic investigations into allegations of misconduct and maladministration: Mv Letsoalo and AM Tshesane - *the Council referred this report to MPAC for further investigations and report back to Council within 30 days*
- Review and investigations – activities and decisions taken by the former Acting Municipal Manager, Mr NS Bambo – *Management was directed to implement the court order relating to this report to the fullest.*
- Fuel Card Fraud committed by One Stop Motor Potgieters Engen Mahwelereng, 15 March 2018 – *the council resolved that a progress report with regard to the investigations of the case be submitted within 30 days.*

# Challenges

- Suspension and resignation of key managers resulted in the loss of institutional memory and this become evident when the Management are required to report to sector departments.
- Lack of provision of supporting documentation and explanation to support reports provided to the intervention team for review. This has improved since the last reporting period but still remains a concern.
- Reporting by the municipality is not done timeously as required by the laws and regulations. There is constant delay on submission of Section 71 reports to National Treasury.
- Highest UIF expenditure. The municipality will be assisted with development of a UIFW reduction plan.

# MODIMOLLE MOOKGOPHONG LOCAL MUNICIPALITY



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# BASIC SERVICE DELIVERY





# MIG Allocations

- **2016/2017 – 2019/2020 MIG implementation**
- Municipality was allocated R 156.809 million over four financial years. R 114.801 million was spent with R 42.007 million unspent. Furthermore, a total amount of R 5 million was re-allocated to other municipalities during the 2017/2018 financial year. The municipality is part of the MISA support programme.

# MIG Allocations

Financial Year	Allocation R'000	Stopping/ Reallocation	Expenditure R'000	% expenditure	Unspent mount R'000
2016/2017	36 235		34 590	95.5	1 646
2017/2018	39 190	5 000	29 554	66.9	14 636
2018/2019	37 826		28 157	74.4	9 669
2019/2020	38 558		22 500	58.3	16 058
<b>TOTAL</b>	<b>156 809</b>	<b>5 000</b>	<b>114 801</b>	<b>73.2</b>	<b>42 007</b>

# 2020/21 Municipal Infrastructure Grant implementation

- The municipality is allocated R38,317m for the 2020/2021 financial year and as at end September 2020 the municipality had recorded R4 065 million (10.6%) expenditure.
- 13 projects are planned for the 2020/2021 financial year but only 2 are registered namely Modimolle Establishment of Landfill site and Development of Leseding Ext 1. Sports Facility.
- The department is assisting the municipality to register outstanding 11 projects. Support intervention meeting with the municipality, CoGTA, MISA, DPW was held on 19 August 2020 to assist the municipality.

# MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION



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# Institutional capacity and filling of posts

- The Municipality has filled the position of **Chief Financial Officer, Director Corporate Services, Director Community Services and Director Development Planning (4 out of 6)**. The Director Technical Services resigned in August 2020.
- Municipal Manager. The position has been vacant since 1<sup>st</sup> April 2018. Attempts to fill the position were stalled by the litigation brought by one of the candidates who did not make the initial short list.
- All Senior Managers have signed employment contract and performance agreement.

# Vacancies of Senior Managers at end September 2020

Designation	2018/19	2019/20	2020 end September
Municipal Manager	Vacant	Vacant	Vacant
Chief Financial Officer	Vacant	Filled	Filled
Technical Service Manager	Vacant	Filled	Vacant
Corporate Service Manager	Filled	Filled	Filled
Community Service Manager	Filled	Vacant	Filled
Development Planning and LED	Filled	Filled	Filled
<b>Total</b>	<b>3/6 Filled</b>	<b>4/6 Filled</b>	<b>4/6 Filled</b>



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# Conclusion of Transitional Matters (Placement and Job Evaluation)

- Council adopted the final placement report on 29<sup>th</sup> May 2020 and employees were issued with placement letters effective 1<sup>st</sup> July 2020.
- The new remuneration packages were also effected in July 2020. About 53 employees lodged appeals but mostly through misunderstanding of the terminology regarding the “personal to holder” concept against the new salary scales.
- An appeals committee was appointed by the Accounting Officer and the last 10 matters will be finalized on the 14<sup>th</sup> October 2020.

# Review of the organisational structure

- The municipal workforce is blotted with a staff complement of 559 employees due to the amalgamation process. The majority are general workers, leaving the municipality struggling for technical skills such as accountants, engineers, plumbers, artisans and electricians.
- The current wage bill of R248million a year is unsustainable and the municipality is battling to pay salaries every month. The equitable share allocation of R119million is not enough and together with additional revenue raised from own sources, goes to salaries and results in the municipality failing to meet its constitutional basic service delivery obligations.
- On the 16<sup>th</sup> June 2020 MMLM made a submission to National Treasury for additional funding but was turned down. The municipality has been advised to review of the organisational design and consider sustainable options to this effect.

effect.





# Compliance on submission of reports

- **Performance agreements**-The municipality has signed and submitted performance agreements for 2020/21 financial.
- **Performance assessments**- the municipality does not conduct performance assessments for senior managers.
- **IDP and SDBIP for 2020/21 financial year**-the municipality has adopted the IDP and approved the process plan.
- **Annual Report**-The municipality has finalized the annual report , what is outstanding is the oversight report.
- **Back to Basic (B2B)**- the municipality has been complying in terms of submission of B2B quarterly reports. The municipality has not yet finalized the 2020/21 B2B Action Plan.

# Spatial Planning and Local Economic Development



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# SPLUMA Readiness

- The municipality has in terms of the SPLUMA processes finalized all the modalities and is implementing SPLUMA. The municipality has opted to be part of Waterberg District Municipal Planning Tribunal.
- The District is currently in the process of establishing the Appeal Authority.
- An authorized official has been appointed and Spatial Planning and Land Use Management By-law was gazetted.
- The Department has designated (2) two officials to participate in the DMPTs as in other municipalities to strengthen support endeavours.

# Local Economic Development

- The Municipality's LED strategy is due for review due to the merging of two municipalities (Modimolle and Mookgophong).
- The LED Forum was resuscitated during 2019/20 financial year and it is functional.
- There are 1067 Community Work programme job opportunities created in the municipality.
- The municipality has adopted its 2020/21 IDP and Budget on the 29 June 2020.
- The municipality has adopted the 2021 / 2022 IDP Process Plan to guide the next IDP review process.



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# MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT



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# 2020/2021 Budget

- Limpopo Provincial Treasury conducted an assessment of the 2020/2021 budget and the process revealed that the budget is not funded.
- The municipality is implementing a financial recovery plan as a turnaround strategy to ensure that the budget for 2021/2022 will be funded.
- The municipality is insolvent and is unable to pay creditors from available cash and investments.

# Billing and Revenue Collection

- The billing and collection rate for September 2020 is 65%. The decline in revenue collection is attributed to the COVID – 19 pandemic and non-payment of services by residents in townships where the municipality is not licensed to provide electricity.
- The municipality appointed EMS Lingani JV to assist the municipality with implementation credit control policy for electricity.



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# Payment of bulk electricity

## Eskom

- The Eskom Debt is the highest in the Province at R600 393 438 million as at September 2020.
- The Department facilitated discussions between Eskom and the municipality on the 25 September 2020 to develop an affordable debt repayment plan between.
- The two parties have subsequently agreed on the terms of the repayment plan and will finalise the agreement upon adoption of the proposal by the municipal council.
- The municipality currently has a payment arrangement to pay Eskom 60% of the electricity revenue collected. These payments are made every Friday and to date the municipality has paid about R110million since 1<sup>st</sup> October 2019..



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# Government debts

- The total debt owed by government departments to the municipality amounted to R28 834 977.01 as at September 2020.
- The municipal outstanding debt is attributed to unregistered properties.

# Audit outcomes for 3 years

- The municipality received **disclaimer audit opinion in 2018/19** financial year which is the same as the previous financial year's opinion. The municipality's audit outcomes are not improving as indicated by the following results: **Disclaimer (2016/17)**, **Disclaimer (2017/18)** and **Disclaimer (2018/19)**.
- The main contributing factor for the disclaimer is due to failure by the municipality to provide evidence to supports the AFS resulting in limitation of audit scope.
- An audit action plan was developed in May 2020 to address findings raised by AGSA.
- The audit steering committee meetings are held on a weekly basis to monitor implementation of the audit action plan and AFS process plan.

# Submission of 2019/20 AFS

- The municipality submitted draft 2019/2020 AFS to the department for review and feedback/inputs was submitted to the municipality.
- It is envisaged that the municipality will be able to submit the final AFS by end October as required.



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# GOOD GOVERNANCE AND PUBLIC PARTICIPATION



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# Good Governance

- **Audit Committees** -The municipality appointed audit/performance committee members and meetings are held on quarterly meetings. The audit committee is comprised of 03 members.

**Council stability and quarterly** : The municipal council is functional and meets in line with the adopted Municipal schedule. The municipality adopted the rules of order of council that guides the code of conduct of councilors including procedures and processes of ensuring functional municipal council



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# Good Governance

**MPAC-MPAC** is functional. The committee held 9 meetings from 01 January to 30 June 2020. The 2020/2021 annual work plan was approved by council in June 2020.

- **Ward committees**

Ward committees are established in 14 wards, however ward operational plans are not developed. Due to the Covid-19 pandemic and the declaration of the state of Disaster countrywide, all ward committees could not hold management and community feedback meetings as a result there are no reports submission.

# Challenges and Interventions

- Delay in the appointment of Municipal Manager.
- Poor audit outcomes of disclaimers since amalgamation 2016/17 Financial Year.
- Poor revenue collection.
- Increasing Eskom Debt
- High salary bill
- Both COGHSTA and Provincial Treasury are supporting the municipality to address the identified challenges.

# THABAZIMBI LOCAL MUNICIPALITY



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# SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT



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# MIG Allocations

- The municipality was not receiving any grant allocation since 2016/17 financial year to 2018/19. The allocation for 2019/20 was R33 228 000 and as at end May 2020 the municipality spent R33.288 million(100%) allocated for MIG.
- The municipality had four projects in the last financial year and were all completed. There were no MIG challenges encountered on the implementation of the above projects.
- The allocation for 2020/21 fy is R44 024 000 for ten projects and as at end September 2020 the municipality has spent R4 101 674 million(9.3%) allocated for MIG.



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# INSTITUTIONAL TRANSFORMATION AND DEVELOPMENT



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# Institutional capacity and filling of posts

- The Municipality has filled the position of **Municipal Manager, Chief Financial Officer, Director Corporate Services, Director Community Services and Director Development Planning (5 out of 6)**. The post of Director Technical Services has been interviewed and Municipal Manager is on suspension.
- All Senior Managers have signed employment contract and performance agreement.



# Vacancies of Senior Managers at end September 2020

Designation	2018/19	2019/20	2020 end September
Municipal Manager	Filled	Filled	Filled
Chief Financial Officer	Vacant	Filled	Filled
Technical Service Manager	Filled	Vacant	Vacant
Corporate Service Manager	Filled	Filled	Filled
Community Service Manager	Vacant	Filled	Filled
Development Planning and LED	Filled	Filled	Filled
<b>Total</b>	<b>4/6 Filled</b>	<b>5/6 Filled</b>	<b>5/6 Filled</b>



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# Compliance on submission of reports

- **Performance agreements**-The municipality has signed and submitted performance agreements for 2020/21 financial.
- **Performance assessments**- the municipality has never conducted performance assessments for senior managers.
- **IDP and SDBIP for 2020/21 financial year**-the municipality has adopted the IDP and approved the process plan.
- **Annual Report**-Currently the municipality has finalized the annual report without the completion of oversight report.
- **Back to Basic (B2B)**- the municipality has been complying in terms of submission of B2B quarterly reports. The municipality has not yet finalized the 2020/21 B2B Action Plan.



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# **SPATIAL PLANNING AND LOCAL ECONOMIC DEVELOPMENT**



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# SPLUMA Readiness

- **Review of Land Use Management Systems and Land Use Schemes and Spatial Development Framework.**
- The municipality is currently in the process of reviewing its Spatial Development Framework (SDF) in terms of SPLUMA guidelines reads together with the Spatial Planning and Land Use Management Act
- The Land Use Management Scheme (LUMS) is expected to be completed during 2020/21 financial year.
- Ongoing support from MISA has been deployed to the municipality to expedite the finalization of the review of SDF and LUS.



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# LED

- **Local Economic Development (LED)**

The LED Strategy was last reviewed in 2015 and currently the municipality has no funds for the review of the LED Strategy in order to ensure that it is aligned to the current term of council.

- **Integrated Development Plans (IDP)**

The municipality adopted the 2021/22 IDP/Budget by end June 2020 and has also adopted the IDP process plan

# MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT



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# 2020/2021 Budget

- Limpopo Provincial Treasury conducted an assessment of the 2020/2021 budget and the process revealed that the budget is **not funded**.
- The municipality is implementing a financial recovery plan as a turnaround strategy to ensure that the budget for 2021/2022 will be funded.

# Billing and revenue collection

- The billing and collection rate for July and August 2020 is 50% and 51% respectively. The municipality is in the process of finalizing the September billing and collection report.
- The decline in revenue collection is attributed to the COVID – 19 pandemic. The municipality appointed Hahn Consulting to assist the municipality with implementation of credit control and debt collection policy.

# Municipal Property Rates Act Compliance

- The validity period of the general valuation roll of the municipality will expire on the 30th of June 2025.
- The reviewed draft property rates policy together with other budget related policies were adopted by Council on the 29 May 2020.
- The municipality promulgated a resolution levying rates on the 27 August 2020, which is an indication that the municipality is fully complying with the Municipal Property Rates Act.

# Debtors Management

- The total debt owed by government departments to the municipality amounts to R6 235 642.70.
- The municipal outstanding debt is attributed to unregistered properties and properties build on communal land.
- The table below indicates the debt owed to the municipality by government departments as at 30 September 2020:

# Debtors Management

DEPARTMENTS	TOTAL BALANCE (30 SEPTEMBER 2020)
Rural Development	R635 381.32
Education	R1 331 476.05
SASSA	R12 906.11
Health	R1 131 005.50
Provincial Public Works	R1 758 803.09
National Public Works	R1 346 548.40
Roads and Transport	R2 288.97
Agriculture	R17 233.26
<b>TOTAL</b>	<b>R6 235 642.70</b>

# Audit outcomes for 5 years

• The municipality received a qualified audit opinion in 2018/19. The municipality's audit outcome **improved** as indicated by the following results: **Disclaimer** (2014/15), **Disclaimer** (2015/16), **Disclaimer** (2016/17), **Disclaimer** (2017/2018) and **Qualified** (2018/2019). The main contributing factors for the qualified audit opinion are the following:

- Property, plant and equipment
- Trade and other payables from exchange transactions
- Receivables from exchange transactions
- Prior period errors
- Fruitless and wasteful expenditure
- Unauthorized expenditure
- Irregular expenditure
- Total revenue



# Submission of 2019/20 AFS

- Audit steering committee meetings could not be held consistently on a weekly basis due to nationwide lockdown, however audit steering committee meetings were resuscitated from the 01 July 2020 to monitor implementation of audit action plan and compilation of 2019/2020 annual financial statements.
- The meetings are held on weekly basis.
- Draft 2020/2021 annual financial statements were submitted to the department for inputs and feedback was provided.
- It is envisaged that the municipality will submit the AFS by end October 2020 as required.

# Payment of bulk electricity and water

## Eskom

- The municipality owes Eskom R203 005 142.00 as at 30 September 2020.
- The municipality received a letter from Eskom dated the 22 September 2020 regarding notice to suspend interruption of supply to the municipality due to non-adherence to the repayment plan. The municipality was supposed to pay the current balance of R7 848 861.32 in full due on the 03 October 2020, however only R2 000 000.00 was paid on the 03 September 2020.
- If the outstanding payment is not settled by the due date in line with the repayment plan, the signed payment arrangement will be cancelled by Eskom and the suppression of the interest on the outstanding debt will be forfeited.

# Payment of bulk electricity and water

## Magalies Water

The municipality owes Magalies Water R23 309.82 as at end September 2020.

A repayment plan is in place, however the municipality may not be able to honor it as a result of under collection of revenue worsened by COVID -19 pandemic

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# Good Governance

**Council stability and quarterly** :The municipal council is functional and meets in line with the adopted Municipal schedule. The municipality adopted the rules of order of council that guides the code of conduct of councilors including procedures and processes of ensuring functional municipal council.

**Ward Committees:** The municipality is comprised of twelve (12) wards. Only ten (10) ward committees are established while two (02) wards (5&11) have not been established due to misunderstanding between the mining management and the Municipality.



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# Oversight Committees

**Audit Committee** : The municipality appointed audit/performance committee members. The audit committee is comprised of 4 members. The committees are functional and are holding quarterly meetings. The term of the Audit Committee members is due to expire in December 2020 and the municipality will finalize the shortlisting process by 23 October 2020.

**Municipal Public Accounts Committee (MPAC)**: The MPAC Chairperson resigned in September 2019 and a new chairperson was appointed by Council in December 2019. The 2019/2020 annual work plan was approved by Council in December 2019. MPAC is not functional, investigation of matters referred by Council is negatively affected by the vacant position of MPAC Researcher. The position was advertised and shortlisting of candidates will be completed before the end of October 2020.

# Challenges

- Suspension of Municipal Manager and delay in the appointment of Director Technical Services.
- Service providers not paid within 30 days as prescribed. Eskom R199 736 712.00 and Magalies Water Board debts R64 343 000.00.
- Poor revenue collection.
- Non establishment of ward committees at wards 5 and 11 and non-development of ward operational plans.

# Interventions

- The municipality should appoint of Director Technical Services.
- The municipality should comply with payments agreement as entered with the service providers.
- Implementation of credit control and debt collection policy.
- PMT and District IGR are engaging with mining management to resolve the matter.



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